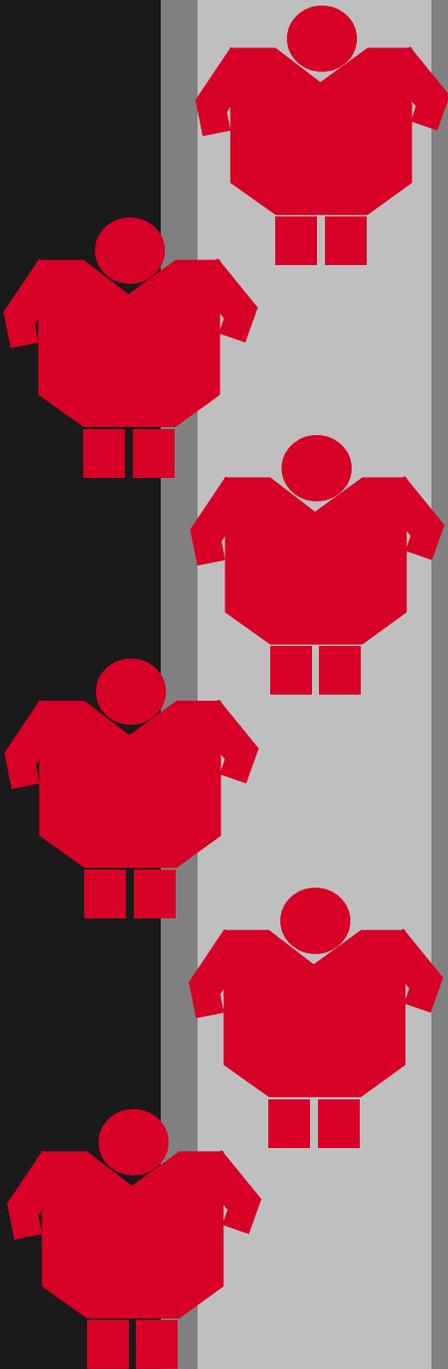


TRENDS



UNEMPLOYMENT INSURANCE

It provides an income safety net for the temporarily unemployed

RESIDENT/NONRESIDENT HIRE

Resident hire makes small gains; one/fifth of workforce remains nonresident

EMPLOYMENT SCENE

Labor market buttons up for the winter

ALASKA ECONOMIC **TRENDS**

February
2000
Volume 20
Number 2

<http://www.labor.state.ak.us/research/research.htm>

ISSN 0160-3345

Tony Knowles, Governor of Alaska Ed Flanagan, Commissioner of Labor and Workforce Development

Joanne Erskine, Editor

Email Trends authors at:

Corine_Geldhof@labor.state.ak.us

Jeff_Hadland@labor.state.ak.us

John_Boucher@labor.state.ak.us

Alaska Economic Trends is a monthly publication dealing with a variety of economic-related issues in the state.

Alaska Economic Trends is funded by the Employment Security Division and published by the Department of Labor and Workforce Development, P.O. Box 21149, Juneau, Alaska 99802-1149.

Printed and distributed by Assets, Inc., a vocational training and employment program, at a cost of \$.82 per copy.

For more information, call the DOL Publications Office at (907) 465-6018 or email the authors.

Material in this publication is public information and, with appropriate credit, may be reproduced without permission.

Trends is available on the Internet. See URL above.

February *Trends* authors are staff in the Department of Labor and Workforce Development. Corine Geldhof is a Communications Coordinator in the Employment Security Division in Juneau. Jeff Hadland is an Economist and John Boucher is a Labor Economist with the Research and Analysis Section, Administrative Services Division in Juneau.

Subscriptions: Jo_Ruby@labor.state.ak.us

(907) 465-6020

Contents:

| | |
|---|-----------|
| Unemployment Insurance | 3 |
| An income safety net system for the temporarily unemployed | |
| Resident/Nonresident Hire | 10 |
| Resident hire makes small gains; one/fifth of workforce remains nonresident | |
| Employment Scene | 18 |
| Labor market buttons up for the winter | |

Unemployment Insurance

by Corine Geldhof
Communications Coordinator

An income safety net system for the temporarily unemployed

In the depths of the Great Depression in 1935, the U.S. Congress passed the Social Security Act, establishing an economic stabilization program of partial wage replacement for workers during periods of temporary, involuntary unemployment. Under the federal-state partnership created by the Act, each state designs its own system using federally established guidelines. Alaska's participation in this program is governed by the Alaska Employment Security Act, passed in 1937, which continues to be administered by the Alaska Department of Labor and Workforce Development.

One provision of Alaska's Act requires the preparation of an actuarial study of the unemployment insurance tax and benefit structures. A significant source of demographic information, this biennial study reveals many facts, such as who files for unemployment insurance benefits, their age, gender, geographic location, industry, ethnicity, earnings, and number of dependents. (See Exhibit 2.) It also lists benefit totals for all the program's components and shows how benefits are paid, why, where, when, and for whom.

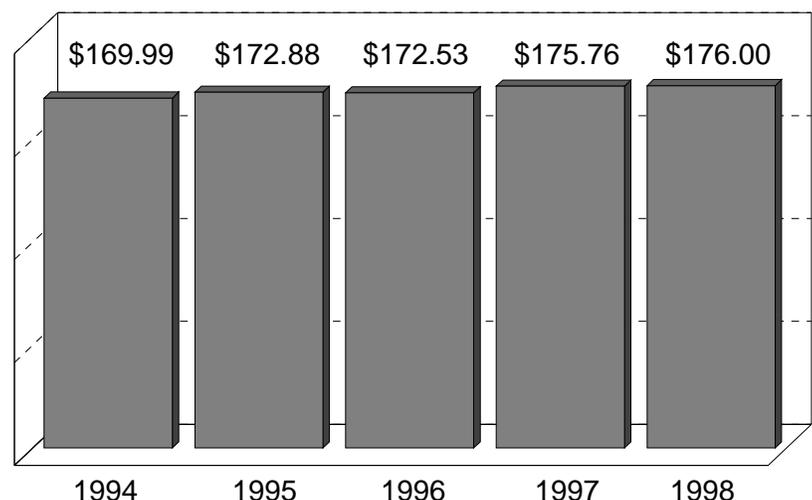
1998 benefit totals

In 1998, the calendar year for which the most up-to-date information is available, Alaska's UI program covered an average of 267,000 workers, or 98.3% of all nonagricultural wage and salary

workers. Workers not covered are full-commission salespersons, elected and appointed officials, fishers, unpaid family and domestic workers, and the self-employed. About \$119 million in benefits was paid to 53,800 unemployed workers in 1998, 81.5% filing within the state, and 18.5% filing from outside the state. Interstate claimants are those workers who file claims against Alaska based on work they performed in state but who live elsewhere. For 1998, \$22,493,584 in

(Continued on page 5)

Average Weekly Benefits Alaska UI claimants, 1994-1998



In 1997 the maximum weekly benefit amount was raised from \$212 to \$248.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 Unemployment Insurance

Alaska claimant characteristics, 1998

| Characteristics | All Recipients | | Characteristics | All Recipients | |
|--------------------------------------|----------------|------------|------------------------------------|----------------|------------|
| | Number | % of Total | | Number | % of Total |
| TOTAL | 53,788 | 100.0% | AVERAGE ANNUAL EARNINGS (\$): | | |
| GENDER: | | | \$1,000-\$9,999 | 14,769 | 27.5% |
| Male | 33,697 | 62.6 | 10,000-19,999 | 16,675 | 31.0 |
| Female | 20,091 | 37.4 | 20,000-29,999 | 10,363 | 19.3 |
| AGE: | | | 30,000-39,999 | 5,423 | 10.1 |
| Under 21 | 1,265 | 2.4% | 40,000-49,999 | 3,113 | 5.8 |
| 21-24 | 4,183 | 7.8 | 50,000-59,999 | 1,689 | 3.1 |
| 25-34 | 15,118 | 28.1 | 60,000-69,999 | 888 | 1.7 |
| 35-44 | 17,279 | 32.1 | 70,000-79,999 | 438 | 0.8 |
| 45-54 | 11,181 | 20.8 | 80,000-89,999 | 217 | 0.4 |
| 55-64 | 4,052 | 7.5 | 90,000+ | 213 | 0.4 |
| 65+ | 710 | 1.3 | GEOGRAPHIC LOCATION: | | |
| NUMBER OF DEPENDENTS: | | | Aleutians East Borough | 160 | 0.3% |
| 0 | 31,079 | 57.8% | Aleutians West Census Area | 322 | 0.6 |
| 1 | 8,907 | 16.6 | Anchorage Municipality | 13,468 | 25.0 |
| 2 | 7,809 | 14.5 | Bethel Census Area | 1,087 | 2.0 |
| 3+ | 5,993 | 11.1 | Bristol Bay Borough | 143 | 0.3 |
| ETHNIC BACKGROUND: | | | Denali Borough | 237 | 0.4 |
| Alaska Native/American Indian | 9,703 | 18.0% | Dillingham Census Area | 275 | 0.5 |
| Asian and Pacific Islander | 3,795 | 7.1 | Fairbanks North Star Borough | 5,420 | 10.1 |
| Black | 1,848 | 3.4 | Haines Borough | 290 | 0.5 |
| Hispanic | 2,391 | 4.4 | Juneau Borough | 2,010 | 3.7 |
| White | 34,927 | 64.9 | Kenai Peninsula Borough | 4,836 | 9.0 |
| Other | 340 | 0.6 | Ketchikan Gateway Borough | 1,298 | 2.4 |
| No Information | 784 | 1.5 | Kodiak Island Borough | 1,650 | 3.1 |
| INDUSTRY: | | | Lake & Peninsula Borough | 104 | 0.2 |
| Agriculture, Forestry and Fishing | 436 | 0.8% | Matanuska-Susitna Borough | 4,256 | 7.9 |
| Mining | 1,964 | 3.7 | Nome Census Area | 656 | 1.2 |
| Oil and Gas | 1,503 | 2.8 | North Slope Borough | 345 | 0.6 |
| Other Mining | 461 | 0.9 | Northwest Arctic Borough | 478 | 0.9 |
| Contract Construction | 8,763 | 16.3 | Prince of Wales-Outer Ketchikan CA | 926 | 1.7 |
| Manufacturing | 8,694 | 16.2 | Sitka Borough | 573 | 1.1 |
| Food Products | 6,401 | 11.9 | Skagway-Hoonah-Angoon CA | 497 | 0.9 |
| Lumber and Wood Products | 1,266 | 2.4 | Southeast Fairbanks Census Area | 538 | 1.0 |
| Paper Products | 361 | 0.7 | Valdez-Cordova Census Area | 952 | 1.8 |
| Other Manufacturing | 666 | 1.2 | Wade Hampton Census Area | 614 | 1.1 |
| Trans., Communications and Utilities | 4,376 | 8.1 | Wrangell-Petersburg Census Area | 729 | 1.4 |
| Trade | 9,397 | 17.5 | Yakutat Borough | 103 | 0.2 |
| Finance, Insurance and Real Estate | 1,989 | 3.7 | Yukon-Koyukuk Census Area | 549 | 1.0 |
| Services | 12,705 | 23.6 | Alaska Area Unknown | 1,340 | 2.5 |
| Public Administration | 5,192 | 9.7 | Total In-State | 43,856 | 81.5% |
| Unclassified | 272 | 0.5 | Out-of-State | 9,932 | 18.5 |
| OCCUPATION: | | | LOCAL OFFICE: | | |
| Agriculture, Forestry, and Fishing | 1,509 | 2.8% | Anchorage | 25,911 | 48.2% |
| Benchwork | 208 | 0.4 | Central - Interstate Claims | 9,932 | 18.5 |
| Clerical and Sales | 9,671 | 18.0 | Central - Rural Mail Claims | 8,097 | 15.1 |
| Machine Trades | 1,769 | 3.3 | Fairbanks | 5,543 | 10.3 |
| Processing | 5,415 | 10.1 | Juneau/SE Urban | 4,305 | 8.0 |
| Professional, Technical, Managerial | 7,506 | 14.0 | | | |
| Service | 7,634 | 14.2 | | | |
| Structural Work | 13,738 | 25.5 | | | |
| Miscellaneous and Unknown | 6,338 | 11.8 | | | |

Notes: Percentages may not add to 100% due to rounding.
Starting in 1996, the UI claims processing work at many offices was consolidated into regional centers in Anchorage and Juneau. All UI claims filing is now done by mail or telephone. The Anchorage Center serves clients in Anchorage, Bethel, Dillingham, Eagle River, Glennallen, Homer, Kenai, Kodiak, Kotzebue, Mat-Su, Nome, Seward, Tok, and Valdez. Juneau/SE Urban office serves Juneau, Ketchikan, Petersburg & Sitka.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

(Continued from page 3)

UI benefits was paid to interstate claimants, the majority of them from manufacturing industries (food products, including seafood processing, lumber and wood, and paper products).

Regular benefits amounted to \$113 million, and an additional \$5.6 million was paid out under the extended benefits program. Extended benefits kick in when a federal formula indicates the insured unemployed rate exceeds six percent. This happens in Alaska every year, typically beginning in February when there is less work available for workers attached to seasonal industries. The average weekly benefit payment for regular benefits in Alaska was \$176.00, up about \$3.50 from 1996. (See Exhibit 1.) On the average, those claiming regular benefits received 15 weeks of payments, and those qualifying for extended benefits received an average of six additional weeks of payments.

Claimant characteristics

Distinct patterns were evident among temporarily unemployed workers who filed for one or more weeks of UI benefits in 1998. More men filed than did women, a total of 33,697 or 62.6% of all claimants, whereas 20,091 women filed, 37.4% of the total. (See Exhibit 3.) Most claimants' income from work covered by unemployment insurance placed them at the low end of the income scale. More than 27 percent earned less than \$10,000 and another 30 percent earned less than \$20,000. At the high end of the income range, just over three percent of all UI claimants, representing fewer than 2,000 claimants, earned \$50,000 or more.

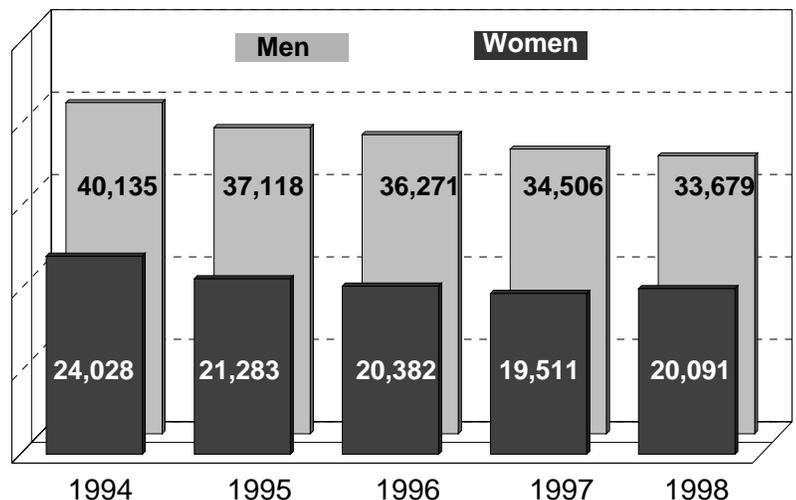
When looked at by age, the largest group (32 percent) of claimants in 1998 was between the ages of 35 and 44. Most claimants (57.8%) had no dependents, and 64.9% of the total were Caucasian. By industry, the highest percentages were in services (23.6%) and in the retail and wholesale trade industries (17.5%).

A look at five years of benefit payments

Although the number of claimants filing for benefits declined during the 1994-1998 period, dollars paid out remained relatively stable, due in part to state legislation introduced in 1996 that increased the maximum weekly benefit amount from \$212 to \$248. Claimant characteristics data disclose little variation overall in filing patterns for this five-year period. For instance, the average duration of claiming has remained the same with only small fractions of a percentage point differential over the last five years. The increase in average weekly payments has been small, from \$169.99 in 1994 to \$176.00 in 1998. (See Exhibit 1.)

Similarly, the industries from which claimants came show very little variation over the last five years, indicating that trends in seasonal

UI Claimants by Gender 1994-1998



Source: Alaska Department of Labor and Workforce Development

unemployment in Alaska remain constant. (See Exhibit 4.) The months of highest filing are in winter—growing in December and January, rising again in March, and declining by April. (See Exhibit 5.) Summer months show the fewest weeks claimed. These patterns correlate with those of Alaska's seasonal industries, such as seafood processing, tourism and construction.

The percent of payment distribution for UI claimants across industries has remained consistent the last five years, from highest to lowest in services, construction, trade and manufacturing respectively. The geographic regions where most claimants file reflect the concentration of population in urban areas, with Anchorage and the Matanuska-Susitna Borough leading, followed by Fairbanks, Kenai and Juneau respectively. (See Exhibit 6.)

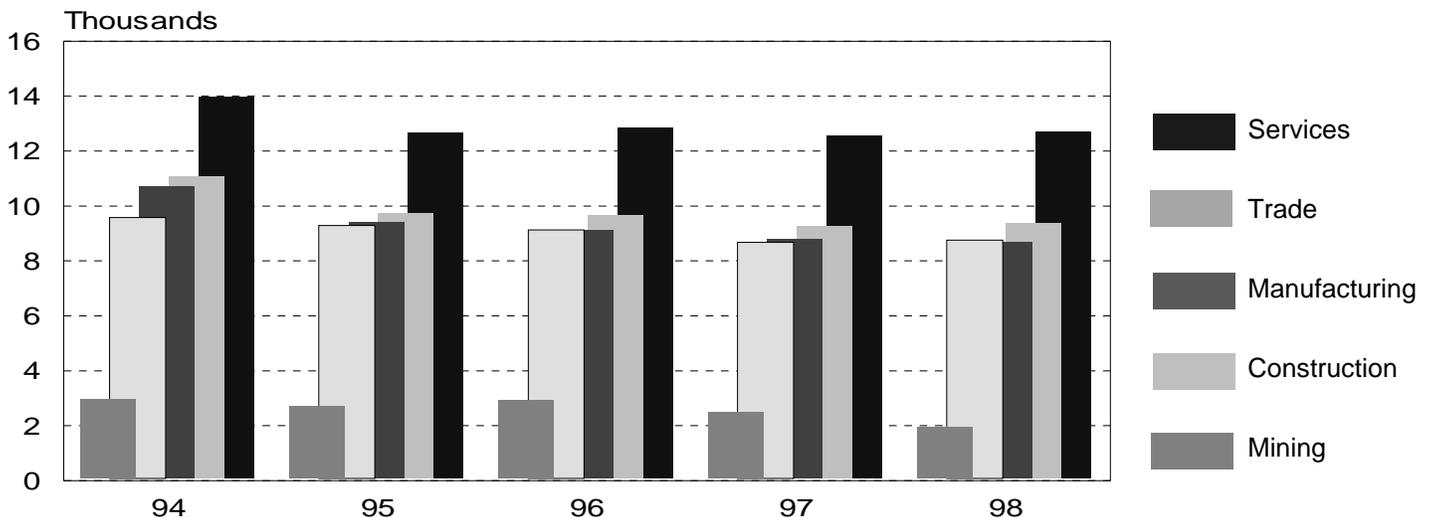
Claimant qualifying provisions

A claimant qualifies for benefits under the Alaska

Employment Security Act on the basis of wages earned in a "base period," defined by statute as the first four of the five completed calendar quarters preceding the date the claim is filed. Earnings during this period must be equal to or greater than \$1,000 with at least \$100 earned outside the quarter in which the most wages were paid. The claimant must also be ready and able to work. The claimant is disqualified for a waiting week and five additional weeks if they have voluntarily left work without good cause, or been discharged for work related misconduct.

In some states eligibility provisions are more limiting than in Alaska, and national concern has been expressed over the decline in the percent of unemployed collecting UI benefits. There are now proposals on the national level that would make UI systems more responsive to changes in the workplace. President Clinton issued an Executive Memorandum on May 28, 1999, calling for new regulations that will enable states to develop "innovative ways" of using the unemployment insurance system to support parents on leave following the birth or adoption of a child. Concerns about payments in Alaska have

4 UI Claimants by Industry Alaska 1994-1998



Source: Alaska Department of Labor and Workforce Development

not to date been so wide ranging, but there are concerns over the low rate of wage replacement that are addressed later in this article.

The role of Alaska's Trust Fund in paying benefits

Each state has a trust fund for the sole purpose of paying unemployment insurance benefits. Withdrawals are made from the UI trust fund as needed to make payments to claimants. Taxes, reimbursements, interest, and other sources of contributions are deposited into the fund to build reserves.

Maintaining the solvency of the trust fund is vital to the UI system. Occasionally, a recession may be severe enough that money drawn from the fund to pay benefits exceeds revenues and fund reserves. If a state's fund becomes insolvent, the state may borrow from the federal government. Between 1955 and 1960, the State of Alaska borrowed \$9 million from the federal government to keep the trust fund solvent. Annual benefit payments from 1952 through 1959 exceeded collections, breaking the fund temporarily in 1955 and then again in 1957. To replenish the fund, the amount of wages subject to taxes was increased, and beginning in 1955, taxes were levied on employees. Although many states borrowed to pay benefits in the early 1980s, Alaska has not borrowed to pay UI benefits since 1960.

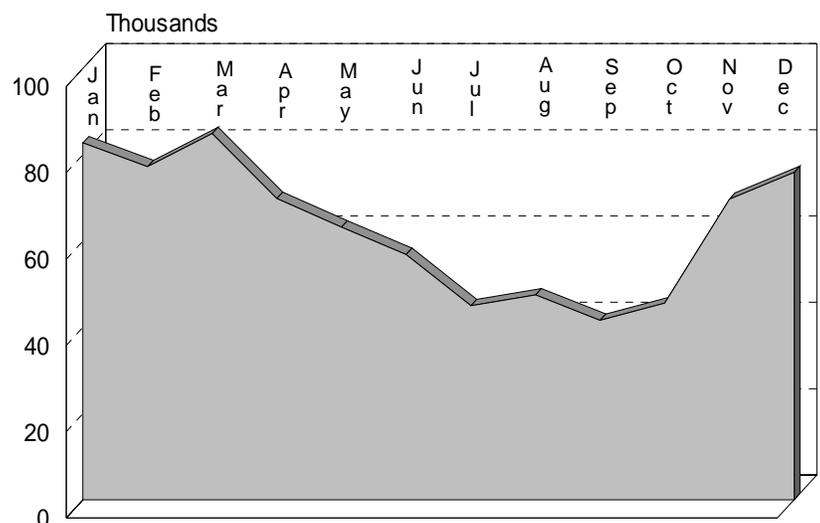
The level of employment and payroll in the economy has a direct effect on the amount of benefits that will potentially need to be paid. Therefore, the capacity of trust fund reserves to pay benefits during recessions cannot be measured simply by the level of reserves. A better measure is the reserve rate, which is the ratio of reserves to total wages subject to contributions. A trust fund reserve rate of approximately 3.2 percent of wages subject to contributions is generally considered adequate in Alaska.

The recession of 1986-87 had a serious impact on Alaska's UI trust fund, but reserves were adequate to maintain solvency. At the end of 1985, Alaska's trust fund reserves were \$145.4 million, and the reserve rate was 3.3%. By 1987, trust fund reserves had fallen to \$63.0 million with a reserve rate of 1.7%. The fund reserve balance bottomed out in April 1988 at \$45.9 million. By the end of 1990, fund reserves had rebuilt to \$224.3 million, with a reserve rate of 4.8%. At the end of 1998, the reserve rate was 3.3%, where it has remained for the past three years. Alaska's UI trust fund had a healthy reserve balance of \$207.5 million.

Administrative funding

In addition to state unemployment taxes, employers pay taxes to the federal government to cover administrative costs. In 1985, these FUTA

UI Claim Seasonality 5 Total weekly claims by month—1998

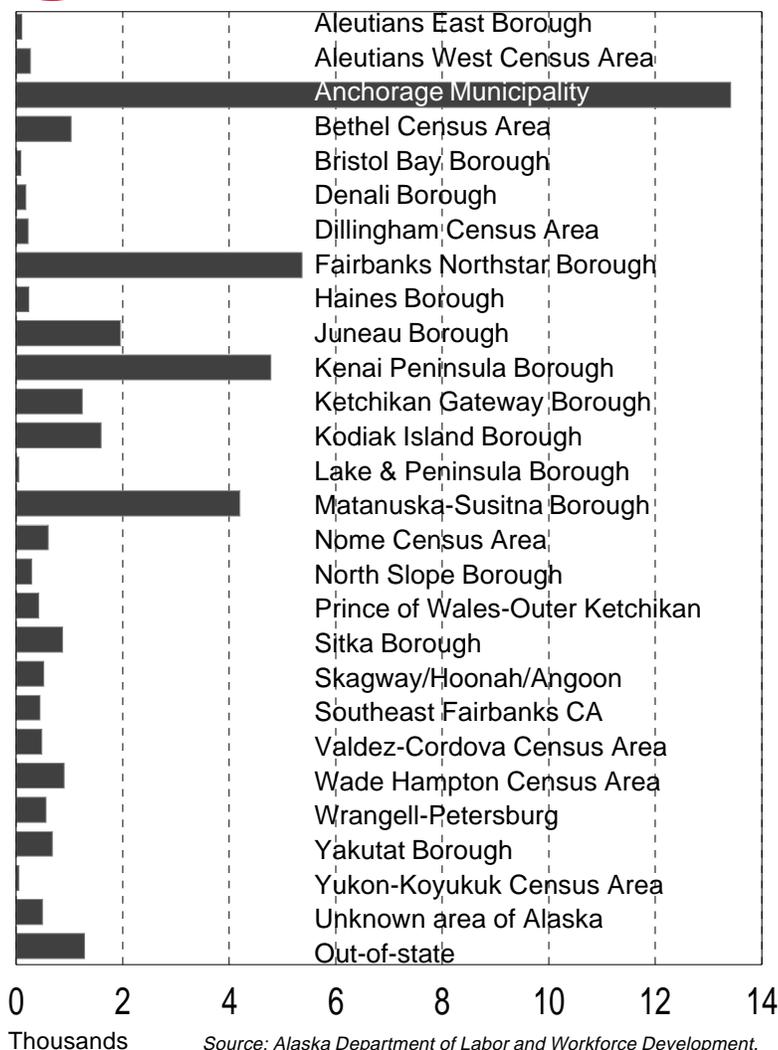


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

(Federal Unemployment Tax Act) taxes were raised to 6.2% of payroll up to a base of \$7,000 per worker. However, as long as state law conforms to federal law, employers receive a credit of 5.4% against their FUTA tax. This credit makes an employer's effective tax rate 0.8%, or \$56 for each employee earning \$7,000 or more annually. Alaska qualifies for this credit, as do the other states. In federal fiscal year 1998, the federal government estimated employers in Alaska

contributed \$13.1 million in FUTA tax revenues. The federal government pays for administration of the state's unemployment program through administrative grants. A portion of FUTA collections, kept in a federal account and not in the state trust fund, funds the grants. In federal fiscal year 1998, Alaska received \$28.1 million in administrative grants (\$20.0 million for unemployment insurance administrative costs and \$8.1 million for employment services). In federal fiscal year 1998, Alaska's total administrative grants amounted to 214.5% of state FUTA contributions, representing more than two dollars returned for every dollar paid in.

6 UI Claimants by Location 1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Financing the benefits

State UI tax revenues collected from employers and employees are the principal source of income to the unemployment insurance trust fund. In 1998, tax contributions to the UI trust fund were \$109.5 million, 74.3% of total revenues. This marks the third straight year of increasing tax contributions. Employers are, however, experiencing lower than average tax rates, and have been since 1991. For employers, the 1999 tax year will mark the eighth year in a row when the average employer tax rate will fall below the 10-year average from 1989 to 1998. In 1999, the average employer tax rate was 2.06% of taxable payroll.

State taxes are assessed on wages up to a set taxable wage base. The tax base is defined in AS 23.20.175(c) as 75 percent of the average annual earnings in covered employment for the immediately preceding year ending June 30. The state taxable wage base was \$24,100 in 1998, and \$24,500 for tax year 1999.

The system of collecting taxes from employers and workers is self-regulating and counter-cyclical, designed to respond quickly to changes in the state's economy. It is set up to delay tax

increases so that the tax hikes do not hit employers during the worst part of a recession. The counter-cyclical effectiveness of the UI program is an economic stabilizer, offsetting negative effects of recessions. A good example was the recession that began in late 1985, when more than 138,000 unemployed workers received unemployment insurance compensation totaling over \$578 million.

The system is effective but wage replacement is low

The UI program has proven its efficacy many times over in the state's history, ranging from the 1964 Good Friday earthquake, the Fairbanks flood of 1967, to the recession in the mid-eighties and, within the last decade, following mill closures in Sitka, Wrangell and Ketchikan. However, it is only as effective as its ability to restore wages lost to unemployment. In Alaska, the current maximum weekly benefit of \$248 is 39 percent of the state's average weekly wage. This is far below the U.S. Department of Labor's 1999 UI program performance goal recommendation that the maximum weekly benefit amount be at least two-thirds the state's average weekly wage. The result is that the average worker in Alaska has become less able to weather a period of unemployment.

While 1998 earned Alaska the distinction of being ranked the highest in the nation in terms of the percentage of eligible unemployed workers who actually received benefits, it ranked 46th in the nation in terms of benefit adequacy, the percentage of average weekly earnings replaced by unemployment benefits. The generally accepted guideline is that the weekly benefit amount should provide a wage replacement that is high enough to cover the claimant's non-deferrable expenses, but not so high as to undermine the incentive to return to work. A generally accepted concept is that the weekly benefit amount should be 50 percent of former

wages. There is no record of the rationale for choosing this percentage. Nevertheless, 50 percent of wages has become so firmly established as a concept in unemployment insurance that it is often referred to as the "principle" of 50 percent of wages. Currently, there are approximately 30 states with a maximum weekly benefit amount equal to or greater than 50 percent of the average weekly wage for the state.

Summary

Alaska's UI benefit paying system is well established and trends in filing patterns remain relatively constant. The trust fund is solvent and tax rates are low. It is clear that the program extends positive impacts across the economy. It is unlikely that the future holds sweeping changes for the system. The challenge in Alaska will be to provide reasonable purchasing power for the unemployed through wage replacement while maintaining incentives to return to work. With proper funding, the program's ability to be the economic stabilizer that it has been in the past will be sustained.

*James Wilson, Labor Economist,
and Thom Wylie, UI Actuary,
contributed to this article.*

Resident/Nonresident Hire

by Jeff Hadland
Economist

Resident hire continues to make small gains; one-fifth of workforce remains nonresident

The Alaska Department of Labor and Workforce Development (AKDOL) prepares a report each year on resident hire in Alaska. The department also tracks resident hire by employer in several major industry sectors each quarter. This information is collected in order to fulfill legislative requirements, assess the success of resident hire efforts, identify occupations that are eligible for resident hire preference on publicly funded construction projects, and identify opportunities for training program providers and job seekers.

The impact of nonresidents in the workforce

Workers spend most of their earnings where they live. Nonresidents take a major portion of their earnings to their home state, depriving Alaska of the full economic benefits of the employment created in the Alaska economy. One dollar in nine paid in wages in 1998 went to nonresidents. This loss has a direct impact on the total growth rate and income of Alaska, resulting in smaller indirect income and employment than would occur if workers lived in Alaska. Job seeking Alaskans are affected when nonresidents fill positions for which they are available and qualified. Nonresidents also claim benefits from Alaska's Unemployment Insurance fund.

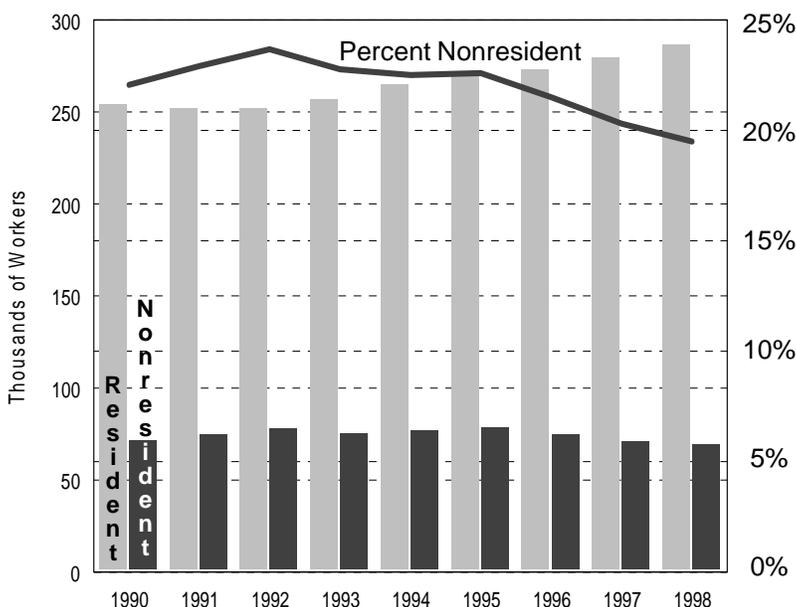
Many employers recruit and hire out-of-state as a matter of convenience or on the assumption that qualified Alaskans are not available. While there are jobs and times where this is true, many jobs which could be filled by qualified Alaskans do go to nonresidents.

Resident hire efforts

To the greatest extent possible, the department's goal is to see that Alaskans are trained and qualified for, and have first chance at, the available job opportunities. AKDOL is involved in a number of initiatives that address these objectives.

Promoting Alaska hire in the oil industry has long been a priority. The recent BP and ARCO merger agreement with the State of Alaska contains

1 Resident and Nonresident Workers Alaska 1990-1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Resident and Nonresident Workers Alaska 1997-1998 2

commitments for the hiring of Alaska residents in this high paying industry. Enabling legislation for the Northstar project requires detailed reporting of residency data by all contractors.

The seafood processing industry employs a large seasonal work force of mostly nonresident workers at relatively low pay. Since 1995, Governor Knowles has asked major employers to work with AKDOL's Seafood Unit to put more Alaskans, especially rural residents, to work in the state's largest industry. In 1998, offshore processors did hire more Alaskans than in the past; however, most offshore processor employment is counted in Washington state.

Welfare reform has created demand for entry level positions for those making the transition out of welfare. State agencies, non-profit welfare reform contractors, and cooperating employers have helped move welfare recipients into many of the occupations and industries with high levels of nonresident hire.

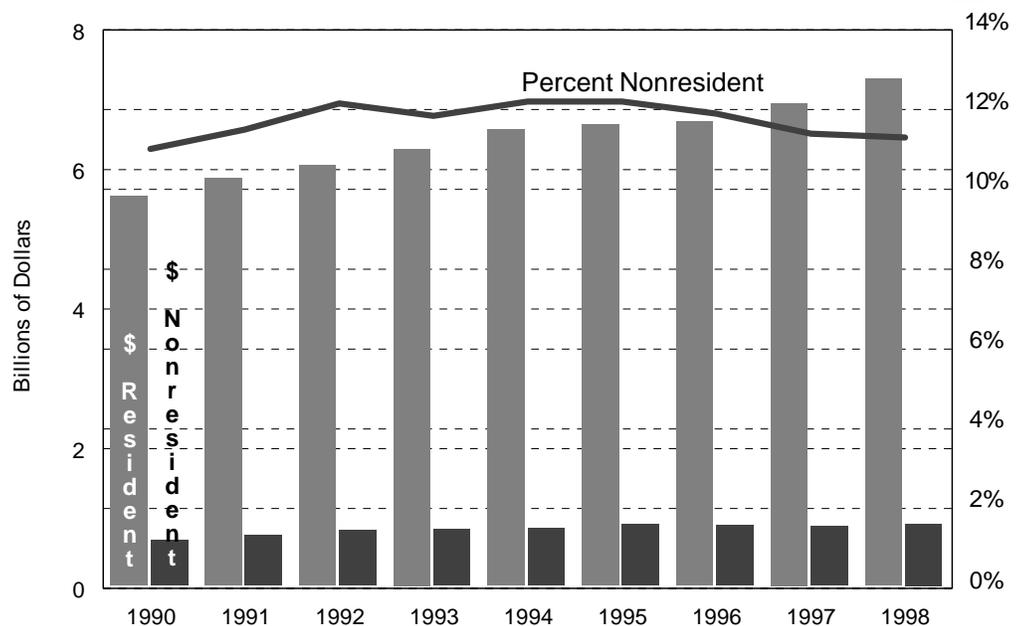
One of the priorities of the State Training and Employment Program (STEP) is training Alaskans in occupations with high nonresident hire. In the past 10 years, STEP has provided training to more than 11,000 workers.

In the construction industry, publicly funded projects are

| | 1997 Resident Workers | 1998 Resident Workers | Percent Change 1997- 1998 | 1997 Non- resident Workers | 1998 Non- resident Workers | Percent Change 1997- 1998 |
|-------------------------|-----------------------------|-----------------------------|------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| Ag/Forestry/Fishing | 1,900 | 1,861 | -2.1 | 1,126 | 722 | -35.9 |
| Mining | 9,721 | 10,399 | 7.0 | 3,795 | 3,686 | -2.9 |
| Construction | 18,777 | 19,179 | 2.1 | 4,816 | 4,584 | -4.8 |
| Manufacturing | 13,359 | 12,783 | -4.3 | 19,849 | 18,161 | -8.5 |
| Trans/Comm/Util | 25,930 | 26,769 | 3.2 | 5,174 | 5,631 | 8.8 |
| Wholesale Trade | 9,624 | 9,822 | 2.1 | 1,793 | 1,811 | 1.0 |
| Retail Trade | 56,267 | 57,557 | 2.3 | 13,755 | 13,501 | -1.8 |
| Finance/Ins/Real Estate | 12,948 | 13,370 | 3.3 | 1,483 | 1,417 | -4.5 |
| Services | 69,911 | 72,893 | 4.3 | 15,664 | 16,215 | 3.5 |
| Nonclassifiable | 174 | 384 | 154.0 | 203 | 177 | -10.3 |
| Total Private Sector | 218,611 | 225,075 | 3.0 | 67,658 | 65,910 | -2.6 |
| Local Government | 39,280 | 39,653 | 0.9 | 2,447 | 2,462 | 0.6 |
| State Government | 21,920 | 21,979 | 0.3 | 1,128 | 1,179 | 4.5 |
| Total | 279,811 | 286,707 | 2.5 | 71,233 | 69,551 | -2.4 |

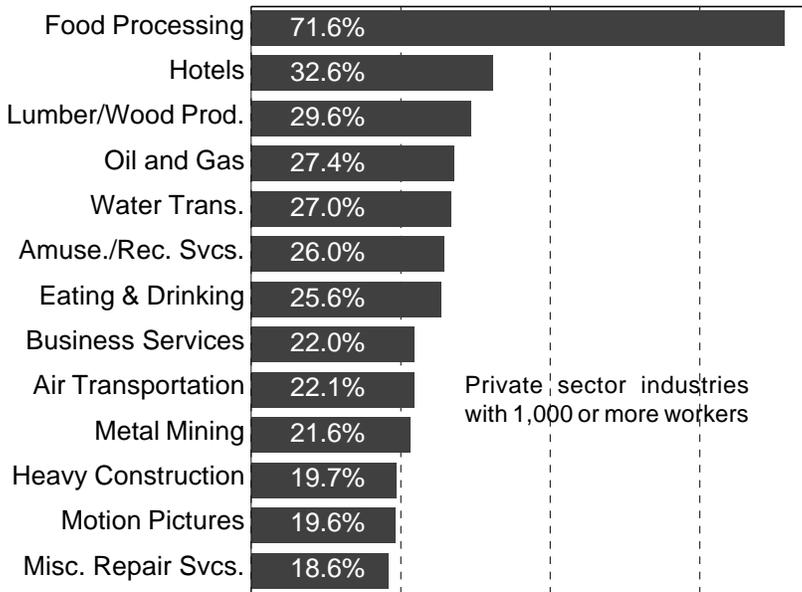
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Resident and Nonresident Wages Alaska 1990-1998 3



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Industries with High Rates of nonresident workers—1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

required to hire 90 percent resident workers in 18 occupations, including carpenters, laborers, equipment operators, plumbers and pipe fitters, electricians, painters, and welders. This regulation is currently enforced by AKDOL.¹

Current status of resident hire in Alaska

In 1998, Alaska continued to show improvement in resident hire. Alaska employed more resident workers and reduced the relative share of nonresident workers in its economy. More than 80 percent of all workers employed in Alaska in 1998 were residents.

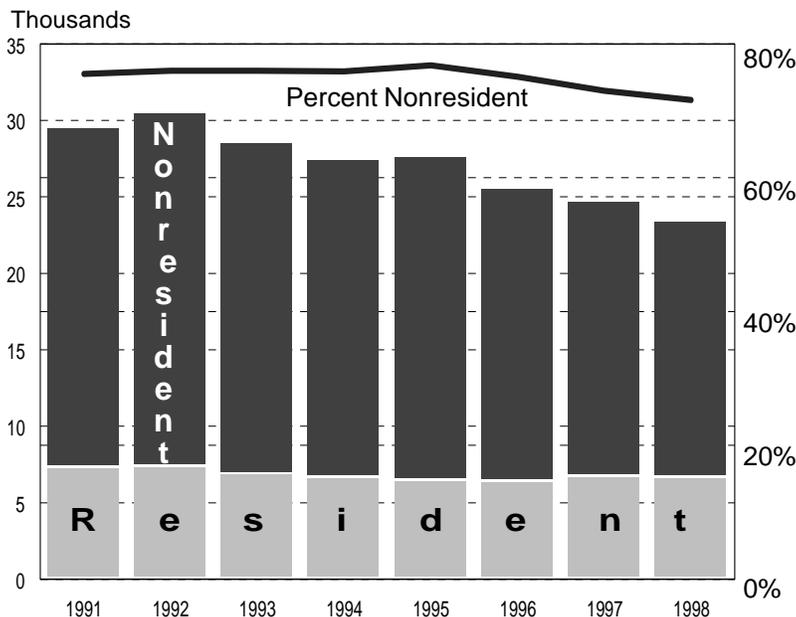
Nonresident workers made up 19.5% of all workers in 1998. In 1997, nonresidents were 20.3% of the work force; in 1996 21.5%, and in 1995 22.6%. There has been a drop of three percentage points since 1995, and a long decline from the peak percent nonresident hire year of 1992 when 78,000 nonresidents were employed, nearly 24 percent of all workers. 1998 saw the lowest number and percent nonresident workers since 1988.

A total of 69,551 nonresident wage and salary workers were employed in 1998. This was 2.4%, or 1,682 fewer nonresident workers than in 1997. The improvement resulted from fewer in-migrants competing with residents for jobs, more year-around jobs, and the success of training programs in placement of workers. Moderate growth in Alaska allowed recently trained resident workers to fill more of the jobs in 1998.

Total wage and salary earnings in private sector, state and local government jobs totaled \$8.23 billion in 1998. Nonresidents earned about 11.3% of the total (or \$929.6 million), a slight percentage decline from 1997. Earnings for both nonresidents and residents increased from the previous year. Nonresident earnings increased by 3.9% or \$35

¹ A challenge to the constitutionality of the regulation is now before the Alaska Superior Court.

5 Food Processing Dominated by nonresident workers



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

million (\$29.3 million of this increase centered in the oil industry). Resident earnings increased faster, with an overall growth of more than five percent or \$353 million.

The presence of nonresident workers varies widely by industry. Nonresident workers in Alaska are typically found in industries with a large number of seasonal jobs (often relatively low paying), industries with faster than average growth, industries with jobs requiring special skills, and industries where the workers may be employed in remote work sites or camps. Alaska's seasonal industries continued to dominate the list of those with the most nonresident earnings and workers. Seafood processing, hotels, lumber and wood products, and the oil industry were the major industry sectors with the highest percentage of nonresident workers in 1998.

Food processing employs large bloc of nonresidents

The food processing industry continued to employ the highest percentage of nonresidents, 71.6% in 1998. However, continued AKDOL Alaska recruitment efforts, available Alaska workers, and an overall decline in the number of workers contributed to a 1.4% decline since 1997. Nearly 66.5% of wages in this sector went to nonresidents.

Total earnings in food processing increased by \$4.4 million and the total number of workers declined by 1,310. The number of nonresident workers decreased by 1,268 workers or 7.0% while resident workers decreased by only 42 workers between 1997 and 1998. Resident earnings increased by 4.3% or about \$3.9 million and nonresident earnings increased by only \$500,000. The food processing industry is relatively low paying, with nonresident workers earning on average \$4,066 in each quarter that they worked in 1998, an increase of \$260 from 1997.

Occupations with Many Nonresident workers and earnings above median **5** 1998 private sector, above \$7,500/qtr

| Occupation | Nonresident Workers | Average Earnings per Quarter |
|---|---------------------|------------------------------|
| Airplane Pilots and Navigators | 822 | \$16,538 |
| Registered Nurses | 620 | 9,678 |
| Management Related Occupations | 488 | 9,266 |
| Electricians | 369 | 11,335 |
| Plumbers, Pipefitters | 369 | 11,153 |
| Operating Engineers | 320 | 12,644 |
| Welders and Cutters | 310 | 11,383 |
| General Managers & Other Top Executives | 286 | 16,543 |
| Truck Drivers, Heavy | 265 | 9,233 |
| Automobile Mechanics | 249 | 8,768 |
| Dispatchers | 247 | 21,183 |
| Ship Captains & Mates | 240 | 10,865 |
| Extractive Occupations | 238 | 13,871 |
| Heavy Equipment Mechanics | 234 | 12,118 |
| Petroleum Technologists & Technicians | 223 | 21,560 |
| Supervisor; Sales, Retail | 203 | 8,353 |
| Misc. Plant or Systems Operators | 173 | 22,602 |
| Mechanics and Repairers | 173 | 8,415 |
| Construction Trades, not elsewhere classified | 161 | 8,063 |
| Officials and Administrators | 159 | 13,819 |
| Machinery Maintenance Occupations | 155 | 11,613 |
| Manager, Administrative Services | 148 | 10,813 |
| Misc. Material Moving Equipment Operators | 142 | 12,579 |
| Excavating and Loading Machine Operators | 141 | 10,383 |
| Truck Drivers, Tractor-Trailer | 140 | 9,611 |
| Engineers, Other | 139 | 18,565 |
| Inspectors and Compliance Officers | 139 | 13,013 |
| Salespersons; Motor Vehicles | 139 | 9,241 |
| Petroleum Engineers | 135 | 25,172 |
| Supervisors; Overall Construction | 132 | 16,903 |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Oil industry adds resident workers

Alaska's oil industry increased its Alaska work force in 1998 from a low point in 1997. More resident workers were hired during a temporary upswing in activity, decreasing the percent nonresident workers from 29 percent in 1997 to 27.4% in 1998. However, total nonresident earnings increased from 1997 to 1998 with 26.4% of earnings going to nonresidents.

Changes to the number of nonresidents in the oil industry have been relatively small during the 1990s. The percent has fluctuated as the number of resident workers has increased or decreased. (See Exhibit 6).

Oilfield service companies showed continuing

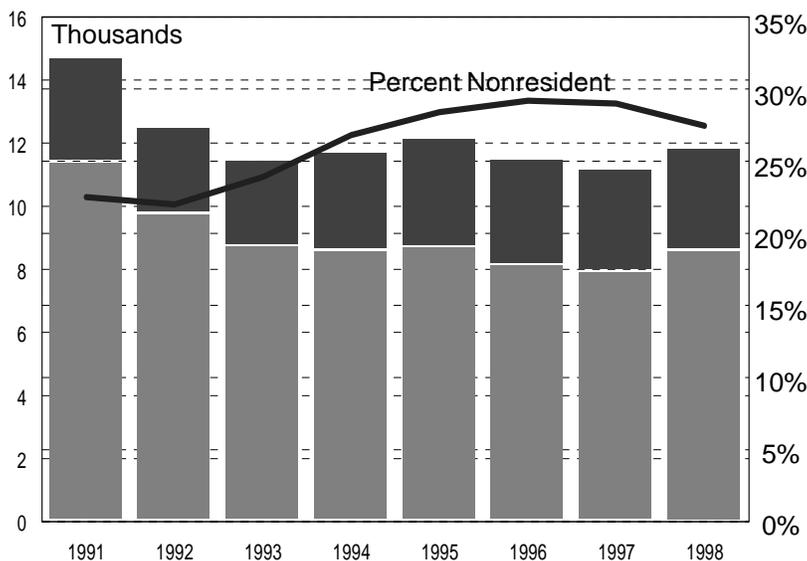
improvement in their resident hire numbers. The percent nonresident workers dropped to 27.8% in 1998 from 30 percent in 1997. Major oil companies showed flat employment numbers and no improvement in resident hire performance over 1997; 26.3% of workers were nonresident in 1998.

The earnings differential in favor of nonresidents in the oil industry increased in 1998. Earnings paid to nonresidents in 1998 were approximately \$193 million, 26.4% of the total. Major oil companies, on average, paid out 27.3% of their earnings to nonresidents while oilfield service companies paid 25.7% of earnings to nonresidents. In 1998 the oil industry paid residents an average of \$16,926 per quarter worked while paying nonresidents \$19,085 per quarter. In 1997, nonresidents were paid only \$597 more per quarter than residents.

1998 shows improvement over 1997 across most industry sectors

From 1997 to 1998 the total number of residents working in Alaska increased while the number of nonresident workers declined. The direction of employment change for nonresidents between 1997 and 1998 varied by industry, with most industry sectors showing a decline in the number of nonresident workers. Agriculture, forestry and fishing showed a 35.9% drop in nonresident workers. The manufacturing industry had the next largest private sector percentage drop in nonresident workers, an 8.5% decline or a loss of 1,688 workers (1,310 workers in food and kindred products). The private sector as a whole showed 2.6% fewer nonresident workers. The transportation industry had the largest increase in nonresident workers, associated with rapid growth in the air transportation sector.

6 Oil Industry Nonresident Numbers and percents 1991–1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

High paying occupations with large numbers of nonresidents

Nonresident workers are found in large numbers in a wide variety of occupations; in particular, seafood processing occupations, retail sales, eating and drinking occupations, general office occupations and construction occupations. Many occupations with large numbers of nonresident workers have relatively high pay and, although they may require significant training or education, represent an opportunity for training programs in Alaska or a career path for unemployed Alaskans. Exhibit 5 shows occupations with large numbers of nonresidents and 1998 quarterly earnings in excess of \$7,500, the median quarterly earnings.

Alaska firms hiring the largest numbers of nonresidents

Exhibit 8 shows the top five employers by industry, sorted by the total number of nonresident workers they employed. The percentage and the total number of nonresidents should be examined together.

Geographic distribution of local residents, Alaska residents and nonresidents

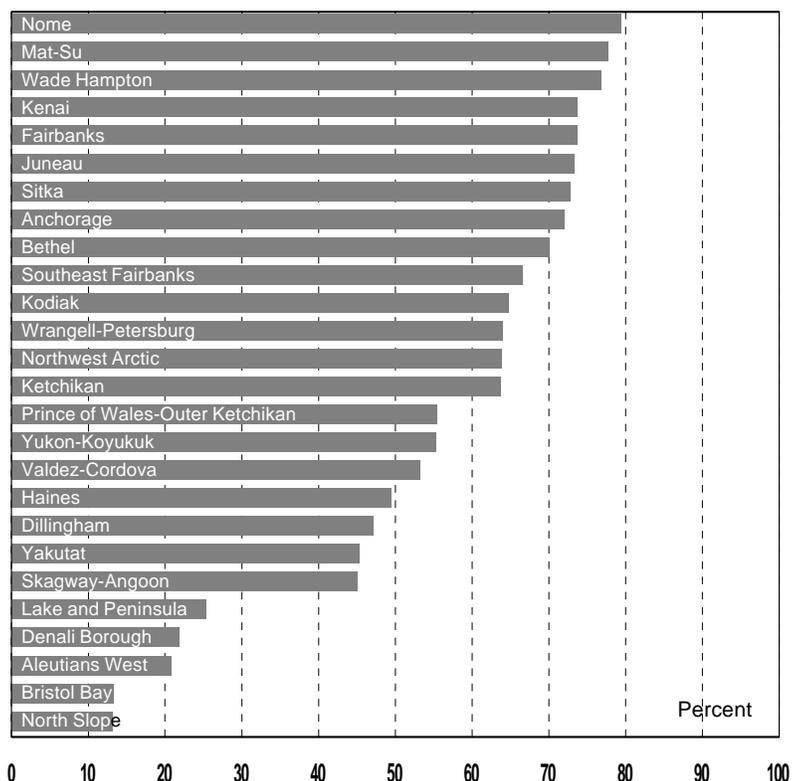
The North Slope Borough, with its many rotating oil workers, has the lowest percent of local resident workers. (See Exhibits 7 and 9.) Other areas with low percents of local resident workers include those with large seasonal seafood processing industries. Rural areas with relatively few job opportunities have the highest level of local resident employment.

In Exhibit 9, the percent nonresident workers by area is displayed for Alaska's private sector. The highest percent nonresident workers are found

in the Southwest Region, primarily the Aleutians East and the Bristol Bay Boroughs, and Aleutians West and Lake and Peninsula census areas. Most of these workers were engaged in seafood processing. Other areas with a high percentage of nonresident workers include Yakutat, Skagway/Angoon, Denali Borough and Kodiak.

For further information about resident hire in Alaska see Nonresidents Working in Alaska—1998 at <http://www.labor.state.ak.us/research/research/emp.htm>

Local Residents' Percent of total workers—private sector 1998



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

8 Top Employers of Nonresidents

By industry—1998

| | Resident Workers | Nonresident Workers | Percent Nonresident |
|--------------------------------------|---------------------|------------------------|------------------------|
| Mining | | | |
| Alaska Petroleum Contractors Inc. | 1,592 | 676 | 29.8% |
| BP Exploration Alaska Inc. | 766 | 489 | 38.9 |
| ARCO Alaska, Inc. | 1,290 | 297 | 18.7 |
| Peak Oilfield Services Co. | 938 | 267 | 22.1 |
| VECO Operations Inc. | 606 | 266 | 30.5 |
| Construction | | | |
| Houston Contracting Co. AK Ltd. | 625 | 132 | 17.4 |
| Conam Construction Co. | 236 | 127 | 34.9 |
| Udelhoven Oilfield System Svc. | 200 | 78 | 28.0 |
| H.C. Price Co. | 459 | 69 | 13.0 |
| Wolverine Supply, Inc. | 463 | 68 | 12.8 |
| Manufacturing | | | |
| Trident Seafoods Corp. | 257 | 3101 | 92.3 |
| Wards Cove Packing Co., Inc. | 630 | 1671 | 72.6 |
| Unisea, Inc. | 396 | 1312 | 76.8 |
| Icicle Seafoods Inc. | 517 | 1259 | 70.8 |
| Peter Pan Seafoods Inc. | 304 | 1120 | 78.6 |
| Transportation/Comm/Utilities | | | |
| Dynair Service, Inc. | 492 | 394 | 44.4 |
| Northwest Airlines, Inc. | 187 | 283 | 60.2 |
| Westours Motorcoaches Inc. | 555 | 243 | 30.4 |
| Federal Express Corp. | 1,005 | 240 | 19.2 |
| Alaska Airlines, Inc. | 1,833 | 224 | 10.8 |
| Wholesale Trade | | | |
| Baker Hughes Oilfield Operations | 84 | 90 | 51.7 |
| Officemax | 195 | 60 | 23.5 |
| Dresser Industries Inc. | 165 | 50 | 23.2 |
| Western Pioneer, Inc. | 245 | 36 | 12.8 |
| Anchorage Cold Storage | 483 | 33 | 6.0 |
| Retail Trade | | | |
| Aramark Leisure Services Group, Inc. | 304 | 963 | 76.0 |
| Carr Gottstein Foods Co. | 4,942 | 573 | 10.3 |
| KMart Corp. | 1,784 | 494 | 21.6 |
| Fred Meyer Shopping Centers | 3,177 | 474 | 12.9 |
| Wal-Mart Associates, Inc. | 2,377 | 452 | 15.9 |
| Finance/Insurance/Real Estate | | | |
| Alaska USA Federal Credit Union | 1,016 | 140 | 12.1 |
| National Bank of Alaska | 1,524 | 88 | 5.4 |
| Cusack Development, Inc. | 271 | 78 | 22.3 |
| First National Bank of Anchorage | 967 | 74 | 7.1 |
| Keybank National Association | 304 | 42 | 12.1 |
| Services | | | |
| Providence Hospital | 3,420 | 456 | 11.7 |
| Alaska Hotel Properties, Inc. | 557 | 400 | 41.8 |
| Westmark Hotels, Inc. | 927 | 331 | 26.3 |
| Labor Ready, Inc. | 562 | 269 | 32.3 |
| Ogden Facility Management of AK | 976 | 211 | 17.7 |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Methodology—How is the number of nonresident workers estimated?

Alaska residency is determined by matching the Alaska Department of Revenue Permanent Fund Dividend (PFD) file with the Alaska Department of Labor and Workforce Development wage file. The PFD file lists Alaskans who either applied for or received a PFD. The wage file contains quarterly earnings and industry information on workers covered by unemployment insurance within Alaska. Workers in the wage file are considered Alaska residents if they either received a 1998 PFD or applied for a 1999 PFD.

For the purposes of this analysis, Alaska residency is determined by matching the worker's social security number on the wage file with the social security number on the PFD file. Those few with missing social security numbers are excluded from the analysis.

Information from both the 1998 and 1999 dividend years is used to improve the accuracy of the residency classification. Resident workers who left Alaska during 1998 are identified and counted as residents. New workers who arrived in Alaska after January 1, 1998, would generally be counted as nonresidents.

Workers and Earnings by Place of Work and Residency

Private sector wage and salary workers 1998

9

| | Resident Workers | | Nonresident Workers | | Resident Wages | | Nonresident Wages | |
|------------------------------|------------------|-------------------|---------------------|---------------|----------------------|----------------------|--------------------|---------------|
| | Local Resident | Other Alaska Res. | Number | Pct. Non-Res. | Local Resident | Other AK Resident | \$Amount | Pct. Non-Res. |
| Anchorage/Mat-Su Reg. | | | | | | | | |
| Anchorage | 90,413 | 13,024 | 21,373 | 17.1% | \$2,332,735,819 | \$290,788,427 | \$295,357,466 | 10.1% |
| Mat-Su | 10,301 | 1,356 | 1,534 | 11.6 | 177,896,197 | 29,446,142 | 10,741,730 | 4.9 |
| Gulf Coast Region | | | | | | | | |
| Kenai | 14,168 | 1,407 | 3,555 | 18.6 | 291,823,037 | 29,436,043 | 26,480,683 | 7.6 |
| Kodiak | 4,453 | 460 | 1,927 | 28.2 | 87,465,108 | 8,219,997 | 17,431,850 | 15.4 |
| Valdez-Cordova | 3,206 | 943 | 1,846 | 30.8 | 88,702,298 | 24,050,427 | 21,506,396 | 16.0 |
| Interior Region | | | | | | | | |
| Denali Borough | 492 | 837 | 884 | 39.9 | 17,236,325 | 17,838,882 | 7,136,282 | 16.9 |
| Fairbanks | 24,062 | 2,775 | 5,666 | 17.4 | 550,314,163 | 54,105,330 | 51,930,948 | 7.9 |
| Southeast Fairbanks | 1,076 | 227 | 305 | 19.0 | 14,701,061 | 4,366,014 | 2,321,673 | 10.9 |
| Yukon-Koyukuk | 1,190 | 532 | 415 | 19.4 | 16,266,738 | 15,853,016 | 5,590,789 | 14.8 |
| Northern Region | | | | | | | | |
| Nome | 2,403 | 304 | 307 | 10.2 | 47,877,207 | 6,737,580 | 3,830,520 | 6.6 |
| North Slope Borough | 1,592 | 6,904 | 3,308 | 28.0 | 50,863,536 | 374,210,275 | 166,627,409 | 28.2 |
| Northwest Arctic Borough | 1,776 | 612 | 377 | 13.6 | 43,472,487 | 28,218,954 | 14,108,068 | 16.4 |
| Southeast Region | | | | | | | | |
| Haines | 764 | 139 | 630 | 41.1 | 10,394,093 | 2,259,837 | 5,024,755 | 28.4 |
| Juneau | 9,178 | 1,010 | 2,289 | 18.3 | 205,755,070 | 18,318,968 | 23,572,116 | 9.5 |
| Ketchikan | 5,200 | 507 | 2,410 | 29.7 | 120,096,410 | 8,076,002 | 23,886,204 | 15.7 |
| POW-Outer Ketchikan | 1,583 | 477 | 777 | 27.4 | 29,914,778 | 11,206,426 | 9,175,934 | 18.2 |
| Sitka | 2,782 | 264 | 761 | 20.0 | 55,249,628 | 3,260,650 | 6,585,304 | 10.1 |
| Skagway-Angoon | 898 | 283 | 795 | 40.2 | 14,748,456 | 4,022,258 | 7,257,083 | 27.9 |
| Wrangell-Petersburg | 1,865 | 231 | 805 | 27.7 | 30,145,409 | 3,784,736 | 7,319,114 | 17.7 |
| Yakutat | 236 | 76 | 206 | 39.8 | 3,606,080 | 1,110,985 | 2,380,097 | 33.5 |
| Southwest Region | | | | | | | | |
| Aleutians East | 411 | 439 | 2,564 | 75.1 | 7,647,331 | 8,798,118 | 27,843,026 | 62.9 |
| Aleutians West | 1,255 | 692 | 3,975 | 67.1 | 33,269,118 | 18,389,754 | 42,724,456 | 45.3 |
| Bethel | 4,208 | 945 | 827 | 13.8 | 56,331,086 | 17,324,846 | 9,455,084 | 11.4 |
| Bristol Bay Borough | 430 | 487 | 2,239 | 70.9 | 9,599,477 | 5,648,842 | 13,991,492 | 47.9 |
| Dillingham | 1,276 | 422 | 990 | 36.8 | 26,842,927 | 7,126,224 | 7,508,278 | 18.1 |
| Lake and Peninsula | 309 | 222 | 671 | 55.8 | 2,800,980 | 3,235,448 | 4,986,954 | 45.2 |
| Wade Hampton | 1,038 | 200 | 109 | 8.1 | 10,142,940 | 4,622,898 | 899,877 | 5.7 |
| Other/Unknown | 0 | 437 | 2,990 | 87.2 | 0 | 9,027,405 | 28,282,530 | 75.8 |
| Total Private Sector | 186,565 | 36,212 | 64,353 | 22.5 | 4,335,897,758 | 1,009,484,484 | 843,956,118 | 13.6 |

Note: Place of Alaska residence determined by most recent Permanent Fund Dividend address. Place of work is determined from data provided by 90 percent of employers on quarterly UI wage records or from employer primary business location.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Labor Market Buttons Up for the Winter

Alaska Employment Scene

by
John Boucher
Labor Economist

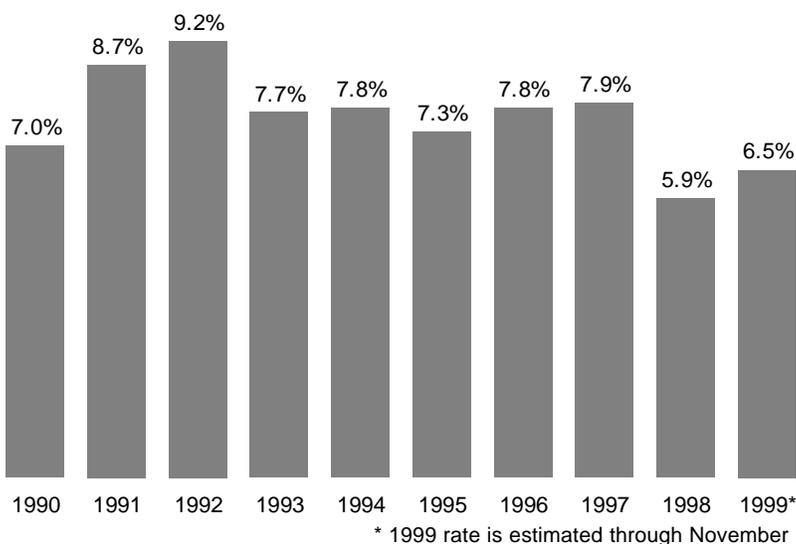
Alaska's statewide unemployment rate increased four-tenths of a percentage point in November to 5.8%. The 5.8% rate meant that nearly 18,200 Alaskans were unemployed during November, an increase of nearly 1,000 from October. In November of 1998, nearly 17,400 Alaskans were unemployed and the statewide unemployment rate was 5.5%. (See Exhibit 7.) The comparable national unemploy-

ment rate (civilian not seasonally adjusted) in November was 3.8%.

Barring a dramatic increase in unemployment in December, the annual average unemployment rate for 1999 will be near 6.5%. If 1999's rate falls below 6.7%, it would be the second-lowest rate in the last twenty years, but it would be an increase from 1998's record-setting rate of 5.9%. It also marks the seventh straight year that Alaska's unemployment rate was below 8.0%. (See Exhibit 1.) Alaska's job market has been relatively strong in 1999, but not as strong as it was in 1998. Layoffs in Alaska's oil patch and related industries are the main reason Alaska's labor market experienced higher unemployment in 1999 than in 1998.

1 Unemployment Rate Low But up from 1998

Annual average unemployment rate 1990-99



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Unemployment increase typical for month

November's increase in unemployment was in line with seasonal expectations. Other economic indicators such as the level of unemployment claims and the wage and salary job count corroborated the monthly trend in unemployment. During the last twenty years Alaska's unemployment rate has averaged a four-tenths of a percentage point increase in November, so this November's increase matched the 20-year average. The highest regional

unemployment rate was recorded in the Wade Hampton Census Area at 13.3%; the lowest was in the Sitka Borough at 3.9%.

Numbers show seasonal downturn

November's wage and salary employment statistics showed a broad seasonal downturn, as the economy lost 7,700 jobs. Nearly every major industry lost ground as winter job losses mounted. Job gains were limited to the segments of retail trade that added staff for the holiday shopping season. Compared to last November, the economy registered a gain of 2,400 jobs, which translated into a growth rate of 0.9%. Over-the-year job gains were in services, retail trade, transportation, construction and financial sectors. Job losses were posted in the mining, (primarily oil and gas) and manufacturing (primarily seafood processing) industries. (See Exhibit 4.)

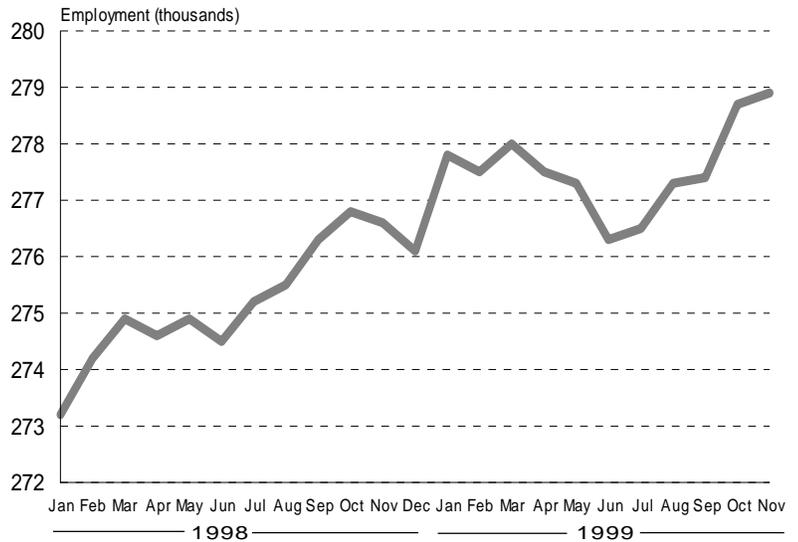
Seasonally adjusted employment rebounds

Seasonally adjusted wage and salary employment statistics can help identify turning points in Alaska's overall employment picture. (The seasonal adjustment process attempts to remove typical seasonal patterns from the employment statistics, which helps identify the underlying direction in which employment is moving.) Seasonally adjusted wage and salary employment statistics had been drifting downward through much of the first three quarters of 1999. The last few months have seen those figures rebound, indicating that the worst of the contraction associated with the layoffs in Alaska's oil and gas sector have subsided, at least for the moment. Seasonally adjusted employment began growing again in July after four months of declines. In October and November, the seasonally adjusted employment total surpassed the previous all-time high of 278,000 that was posted in March of 1999. (See Exhibit 2.)

(continued on page 22)

Employment Rebounds 2

Alaska seasonally adjusted Jan. 98–Nov. 99

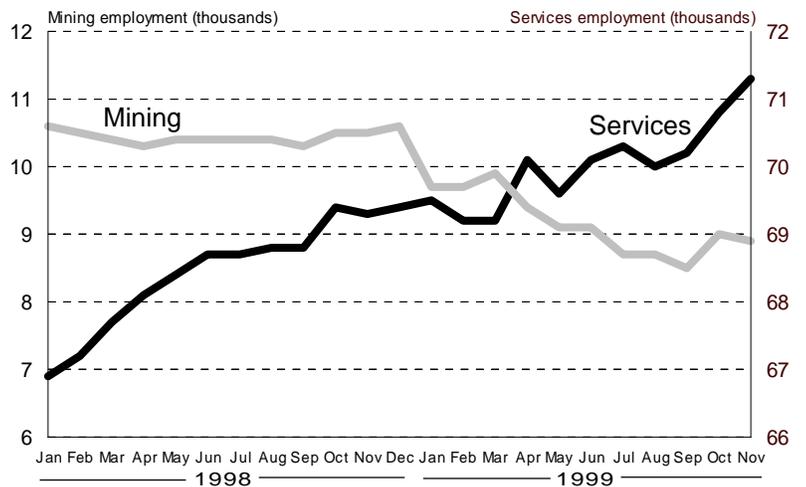


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Oil and Gas Losses Offset 3

By services employment gains

Seasonally adjusted employment–Jan. 98–Nov. 99



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Nonagricultural Wage and Salary Employment

By place of work

| Alaska | preliminary | revised | Changes from: | | |
|---------------------------------------|-------------|---------|---------------|--------|--------|
| | 11/99 | 10/99 | 11/98 | 10/99 | 11/98 |
| Total Nonag. Wage & Salary | 271,700 | 279,400 | 269,300 | -7,700 | 2,400 |
| Goods-producing | 32,300 | 37,600 | 34,000 | -5,300 | -1,700 |
| Service-producing | 239,400 | 241,800 | 235,300 | -2,400 | 4,100 |
| Mining | 8,800 | 9,200 | 10,400 | -400 | -1,600 |
| Oil & Gas Extraction | 7,400 | 7,700 | 8,900 | -300 | -1,500 |
| Construction | 13,400 | 15,300 | 13,000 | -1,900 | 400 |
| Manufacturing | 10,100 | 13,100 | 10,600 | -3,000 | -500 |
| Durable Goods | 2,700 | 2,900 | 2,700 | -200 | 0 |
| Lumber & Wood Products | 1,600 | 1,800 | 1,800 | -200 | -200 |
| Nondurable Goods | 7,400 | 10,200 | 7,900 | -2,800 | -500 |
| Seafood Processing | 4,700 | 7,500 | 5,200 | -2,800 | -500 |
| Transportation/Comm/Utilities | 25,900 | 26,900 | 24,800 | -1,000 | 1,100 |
| Trucking & Warehousing | 2,900 | 3,000 | 2,900 | -100 | 0 |
| Water Transportation | 1,700 | 2,000 | 1,600 | -300 | 100 |
| Air Transportation | 9,100 | 9,300 | 8,900 | -200 | 200 |
| Communications | 5,200 | 5,300 | 4,400 | -100 | 800 |
| Electric, Gas & Sanitary Svcs. | 2,700 | 2,600 | 2,600 | 100 | 100 |
| Trade | 57,400 | 57,500 | 56,500 | -100 | 900 |
| Wholesale Trade | 8,900 | 9,000 | 8,700 | -100 | 200 |
| Retail Trade | 48,500 | 48,500 | 47,800 | 0 | 700 |
| Gen. Merchandise & Apparel | 10,500 | 10,000 | 10,000 | 500 | 500 |
| Food Stores | 7,000 | 7,000 | 7,300 | 0 | -300 |
| Eating & Drinking Places | 15,900 | 16,200 | 15,600 | -300 | 300 |
| Finance/Insurance/Real Estate | 12,700 | 12,700 | 12,500 | 0 | 200 |
| Services & Misc. | 68,900 | 70,200 | 67,000 | -1,300 | 1,900 |
| Hotels & Lodging Places | 5,800 | 6,700 | 5,500 | -900 | 300 |
| Business Services | 8,900 | 8,900 | 9,100 | 0 | -200 |
| Health Services | 15,700 | 15,500 | 15,100 | 200 | 600 |
| Legal Services | 1,600 | 1,600 | 1,600 | 0 | 0 |
| Social Services | 7,900 | 7,900 | 7,500 | 0 | 400 |
| Engineering & Mgmt. Svcs. | 8,000 | 8,200 | 7,800 | -200 | 200 |
| Government | 74,500 | 74,500 | 74,500 | 0 | 0 |
| Federal | 16,500 | 16,700 | 16,500 | -200 | 0 |
| State | 22,100 | 22,000 | 22,100 | 100 | 0 |
| Local | 35,900 | 35,800 | 35,900 | 100 | 0 |

| Municipality of Anchorage | preliminary | revised | Changes from: | | |
|---------------------------------------|-------------|---------|---------------|--------|-------|
| | 11/99 | 10/99 | 11/98 | 10/99 | 11/98 |
| Total Nonag. Wage & Salary | 132,100 | 132,800 | 130,000 | -700 | 2,100 |
| Goods-producing | 11,200 | 12,600 | 11,300 | -1,400 | -100 |
| Service-producing | 120,900 | 120,200 | 118,700 | 700 | 2,200 |
| Mining | 2,300 | 2,400 | 2,700 | -100 | -400 |
| Oil & Gas Extraction | 2,100 | 2,200 | 2,500 | -100 | -400 |
| Construction | 6,900 | 8,100 | 6,700 | -1,200 | 200 |
| Manufacturing | 2,000 | 2,100 | 1,900 | -100 | 100 |
| Transportation/Comm/Utilities | 14,300 | 14,400 | 13,200 | -100 | 1,100 |
| Air Transportation | 6,100 | 6,100 | 5,800 | 0 | 300 |
| Communications | 3,500 | 3,400 | 2,700 | 100 | 800 |
| Trade | 32,400 | 31,700 | 32,100 | 700 | 300 |
| Wholesale Trade | 6,500 | 6,400 | 6,400 | 100 | 100 |
| Retail Trade | 25,900 | 25,300 | 25,700 | 600 | 200 |
| Gen. Merchandise & Apparel | 5,400 | 4,900 | 5,100 | 500 | 300 |
| Food Stores | 2,700 | 2,700 | 3,000 | 0 | -300 |
| Eating & Drinking Places | 9,100 | 9,100 | 9,000 | 0 | 100 |
| Finance/Insurance/Real Estate | 7,600 | 7,500 | 7,500 | 100 | 100 |
| Services & Misc. | 37,900 | 38,000 | 36,800 | -100 | 1,100 |
| Hotels & Lodging Places | 2,800 | 2,900 | 2,500 | -100 | 300 |
| Business Services | 6,400 | 6,300 | 6,600 | 100 | -200 |
| Health Services | 8,400 | 8,300 | 8,000 | 100 | 400 |
| Legal Services | 1,200 | 1,200 | 1,200 | 0 | 0 |
| Social Services | 3,600 | 3,600 | 3,500 | 0 | 100 |
| Engineering & Mgmt. Svcs. | 5,800 | 5,700 | 5,500 | 100 | 300 |
| Government | 28,700 | 28,600 | 29,100 | 100 | -400 |
| Federal | 9,900 | 9,900 | 9,900 | 0 | 0 |
| State | 8,800 | 8,700 | 8,800 | 100 | 0 |
| Local | 10,000 | 10,000 | 10,400 | 0 | -400 |

Notes to Exhibits 4, 5, & 6—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 4 & 5—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 6—Prepared in part with funding from the Employment Security Division.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

5 Hours and Earnings for Selected Industries

| | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|-------------------------------|-------------------------|---------------|------------|----------------------|---------------|-------|-------------------------|---------------|---------|
| | preliminary 11/99 | revised 10/99 | 11/98 | preliminary 11/99 | revised 10/99 | 11/98 | preliminary 11/99 | revised 10/99 | 11/98 |
| Mining | \$1,368.99 | \$1,421.32 | \$1,420.02 | 47.8 | 52.7 | 48.3 | \$28.64 | \$26.97 | \$29.40 |
| Construction | 1,040.06 | 1,165.42 | 1,024.81 | 39.1 | 43.1 | 39.1 | 26.60 | 27.04 | 26.21 |
| Manufacturing | 492.12 | 550.67 | 491.43 | 36.0 | 43.6 | 37.6 | 13.67 | 12.63 | 13.07 |
| Seafood Processing | 286.98 | 445.50 | 319.14 | 33.1 | 45.0 | 33.7 | 8.67 | 9.90 | 9.47 |
| Transportation/Comm/Utilities | 679.32 | 691.00 | 679.96 | 34.0 | 35.6 | 35.6 | 19.98 | 19.41 | 19.10 |
| Trade | 441.43 | 443.85 | 432.39 | 33.8 | 33.0 | 34.1 | 13.06 | 13.45 | 12.68 |
| Wholesale Trade | 622.19 | 619.38 | 647.16 | 37.8 | 37.0 | 37.3 | 16.46 | 16.74 | 17.35 |
| Retail Trade | 410.44 | 413.44 | 393.29 | 33.1 | 32.3 | 33.5 | 12.40 | 12.80 | 11.74 |
| Finance/Insurance/Real Estate | 612.61 | 611.61 | 575.09 | 35.7 | 35.6 | 36.7 | 17.16 | 17.18 | 15.67 |

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 1998

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

6 Nonagricultural Wage and Salary Employment

By place of work

| | preliminary | revised | Changes from: | | | | preliminary | revised | Changes from: | | |
|---------------------------------------|-------------|---------|---------------|--------|--------|---------------------------------------|-------------|---------|---------------|--------|-------|
| | 11/99 | 10/99 | 11/98 | 10/99 | 11/98 | | 11/99 | 10/99 | 11/98 | 10/99 | 11/98 |
| Fairbanks | | | | | | Interior Region | | | | | |
| North Star Borough | | | | | | Total Nonag. Wage & Salary | | | | | |
| Total Nonag. Wage & Salary | 33,200 | 33,350 | 32,600 | -150 | 600 | Goods-producing | 37,950 | 38,700 | 37,350 | -750 | 600 |
| Goods-producing | 3,250 | 3,550 | 3,250 | -300 | 0 | Service-producing | 3,550 | 3,850 | 3,500 | -300 | 50 |
| Service-producing | 29,950 | 29,800 | 29,350 | 150 | 600 | Mining | 34,400 | 34,850 | 33,850 | -450 | 550 |
| Mining | 850 | 900 | 900 | -50 | -50 | Construction | 1,000 | 1,100 | 1,050 | -100 | -50 |
| Construction | 1,850 | 2,050 | 1,800 | -200 | 50 | Manufacturing | 1,950 | 2,100 | 1,850 | -150 | 100 |
| Manufacturing | 550 | 600 | 550 | -50 | 0 | Transportation/Comm/Utilities | 600 | 650 | 600 | -50 | 0 |
| Transportation/Comm/Utilities | 2,900 | 2,900 | 2,900 | 0 | 0 | Trade | 3,550 | 3,700 | 3,500 | -150 | 50 |
| Trucking & Warehousing | 550 | 600 | 550 | -50 | 0 | Finance/Insurance/Real Estate | 7,800 | 8,000 | 7,800 | -200 | 0 |
| Air Transportation | 800 | 800 | 700 | 0 | 100 | Services & Misc. | 1,250 | 1,250 | 1,150 | 0 | 100 |
| Communications | 450 | 450 | 450 | 0 | 0 | Hotels & Lodging Places | 8,650 | 9,000 | 8,400 | -350 | 250 |
| Trade | 7,100 | 7,050 | 7,100 | 50 | 0 | Government | 13,150 | 12,900 | 13,000 | 250 | 150 |
| Wholesale Trade | 950 | 950 | 850 | 0 | 100 | Federal | 3,650 | 3,650 | 3,650 | 0 | 0 |
| Retail Trade | 6,150 | 6,100 | 6,250 | 50 | -100 | State | 4,850 | 4,750 | 4,800 | 100 | 50 |
| Gen. Merchandise & Apparel | 1,250 | 1,150 | 1,300 | 100 | -50 | Local | 4,650 | 4,500 | 4,550 | 150 | 100 |
| Food Stores | 700 | 700 | 750 | 0 | -50 | Anchorage/Mat-Su Region | | | | | |
| Eating & Drinking Places | 2,100 | 2,150 | 2,100 | -50 | 0 | Total Nonag. Wage & Salary | 145,100 | 146,200 | 142,100 | -1,100 | 3,000 |
| Finance/Insurance/Real Estate | 1,200 | 1,150 | 1,100 | 50 | 100 | Goods-producing | 12,500 | 13,950 | 12,550 | -1,450 | -50 |
| Services & Misc. | 7,850 | 8,000 | 7,600 | -150 | 250 | Service-producing | 132,600 | 132,250 | 129,550 | 350 | 3,050 |
| Hotels & Lodging Places | 700 | 750 | 750 | -50 | -50 | Mining | 2,300 | 2,400 | 2,700 | -100 | -400 |
| Health Services | 2,000 | 2,000 | 1,850 | 0 | 150 | Construction | 8,050 | 9,300 | 7,750 | -1,250 | 300 |
| Government | 10,900 | 10,700 | 10,650 | 200 | 250 | Manufacturing | 2,150 | 2,250 | 2,100 | -100 | 50 |
| Federal | 3,150 | 3,150 | 3,100 | 0 | 50 | Transportation/Comm/Utilities | 15,400 | 15,550 | 14,250 | -150 | 1,150 |
| State | 4,600 | 4,550 | 4,550 | 50 | 50 | Trade | 35,700 | 35,100 | 34,950 | 600 | 750 |
| Local | 3,150 | 3,000 | 3,000 | 150 | 150 | Finance/Insurance/Real Estate | 8,100 | 8,050 | 8,000 | 50 | 100 |
| Southeast Region | | | | | | Services & Misc. | 41,500 | 41,800 | 40,150 | -300 | 1,350 |
| Total Nonag. Wage & Salary | 34,500 | 36,150 | 34,000 | -1,650 | 500 | Government | 31,900 | 31,750 | 32,200 | 150 | -300 |
| Goods-producing | 4,650 | 5,350 | 4,650 | -700 | 0 | Federal | 10,050 | 10,050 | 10,050 | 0 | 0 |
| Service-producing | 29,850 | 30,800 | 29,350 | -950 | 500 | State | 9,650 | 9,600 | 9,600 | 50 | 50 |
| Mining | 350 | 350 | 350 | 0 | 0 | Local | 12,200 | 12,100 | 12,550 | 100 | -350 |
| Construction | 1,600 | 1,750 | 1,600 | -150 | 0 | Southwest Region | | | | | |
| Manufacturing | 2,700 | 3,250 | 2,700 | -550 | 0 | Total Nonag. Wage & Salary | 14,750 | 16,250 | 15,100 | -1,500 | -350 |
| Durable Goods | 1,400 | 1,500 | 1,450 | -100 | -50 | Goods-producing | 2,400 | 3,500 | 2,800 | -1,100 | -400 |
| Lumber & Wood Products | 1,200 | 1,300 | 1,250 | -100 | -50 | Service-producing | 12,350 | 12,750 | 12,300 | -400 | 50 |
| Nondurable Goods | 1,300 | 1,750 | 1,250 | -450 | 50 | Seafood Processing | 2,150 | 3,250 | 2,550 | -1,100 | -400 |
| Seafood Processing | 1,000 | 1,400 | 900 | -400 | 100 | Government | 5,750 | 5,850 | 5,700 | -100 | 50 |
| Transportation/Comm/Utilities | 2,700 | 2,900 | 2,600 | -200 | 100 | Federal | 350 | 300 | 350 | 50 | 0 |
| Trade | 6,250 | 6,450 | 6,150 | -200 | 100 | State | 500 | 500 | 450 | 0 | 50 |
| Wholesale Trade | 600 | 650 | 600 | -50 | 0 | Local | 4,900 | 5,050 | 4,900 | -150 | 0 |
| Retail Trade | 5,650 | 5,800 | 5,550 | -150 | 100 | Gulf Coast Region | | | | | |
| Food Stores | 1,300 | 1,300 | 1,350 | 0 | -50 | Total Nonag. Wage & Salary | 24,900 | 27,000 | 25,100 | -2,100 | -200 |
| Finance/Insurance/Real Estate | 1,550 | 1,550 | 1,500 | 0 | 50 | Goods-producing | 4,750 | 6,350 | 5,150 | -1,600 | -400 |
| Services & Misc. | 6,950 | 7,300 | 6,750 | -350 | 200 | Service-producing | 20,150 | 20,650 | 19,950 | -500 | 200 |
| Health Services | 1,700 | 1,700 | 1,600 | 0 | 100 | Mining | 1,050 | 1,050 | 1,300 | 0 | -250 |
| Government | 12,400 | 12,600 | 12,350 | -200 | 50 | Oil & Gas Extraction | 1,000 | 1,050 | 1,300 | -50 | -300 |
| Federal | 1,700 | 1,800 | 1,700 | -100 | 0 | Construction | 1,250 | 1,500 | 1,200 | -250 | 50 |
| State | 5,200 | 5,250 | 5,300 | -50 | -100 | Manufacturing | 2,450 | 3,800 | 2,650 | -1,350 | -200 |
| Local | 5,500 | 5,550 | 5,350 | -50 | 150 | Seafood Processing | 1,450 | 2,800 | 1,650 | -1,350 | -200 |
| Northern Region | | | | | | Transportation/Comm/Utilities | 2,300 | 2,400 | 2,350 | -100 | -50 |
| Total Nonag. Wage & Salary | 14,600 | 14,750 | 15,700 | -150 | -1,100 | Trade | 5,100 | 5,150 | 4,900 | -50 | 200 |
| Goods-producing | 4,550 | 4,700 | 5,500 | -150 | -950 | Wholesale Trade | 550 | 600 | 500 | -50 | 50 |
| Service-producing | 10,050 | 10,050 | 10,200 | 0 | -150 | Retail Trade | 4,550 | 4,550 | 4,400 | 0 | 150 |
| Mining | 4,150 | 4,250 | 5,000 | -100 | -850 | Eating & Drinking Places | 1,350 | 1,400 | 1,300 | -50 | 50 |
| Oil & Gas Extraction | 3,750 | 3,850 | 4,600 | -100 | -850 | Finance/Insurance/Real Estate | 750 | 750 | 700 | 0 | 50 |
| Government | 4,400 | 4,450 | 4,400 | -50 | 0 | Services & Misc. | 5,250 | 5,500 | 5,200 | -250 | 50 |
| Federal | 100 | 150 | 150 | -50 | -50 | Health Services | 1,150 | 1,150 | 1,100 | 0 | 50 |
| State | 300 | 300 | 300 | 0 | 0 | Government | 6,750 | 6,850 | 6,800 | -100 | -50 |
| Local | 4,000 | 4,000 | 3,950 | 0 | 50 | Federal | 650 | 700 | 650 | -50 | 0 |
| | | | | | | State | 1,550 | 1,600 | 1,600 | -50 | -50 |
| | | | | | | Local | 4,550 | 4,550 | 4,550 | 0 | 0 |

7 Unemployment Rates by Region and Census Area

| Not Seasonally Adjusted | Percent Unemployed | | |
|---------------------------------|--------------------|-------|---------|
| | preliminary | | revised |
| | 11/99 | 10/99 | 11/98 |
| United States | 3.8 | 3.8 | 4.1 |
| Alaska Statewide | 5.8 | 5.4 | 5.5 |
| Anch/Mat-Su Region | 4.5 | 4.5 | 4.2 |
| Municipality of Anchorage | 4.1 | 4.1 | 3.7 |
| Mat-Su Borough | 6.6 | 6.3 | 6.4 |
| Gulf Coast Region | 11.1 | 8.8 | 10.1 |
| Kenai Peninsula Borough | 11.0 | 10.1 | 9.9 |
| Kodiak Island Borough | 12.0 | 4.6 | 11.5 |
| Valdez-Cordova | 10.0 | 9.4 | 8.8 |
| Interior Region | 5.9 | 5.6 | 6.2 |
| Denali Borough | 10.6 | 9.3 | 9.5 |
| Fairbanks North Star Borough | 5.2 | 5.1 | 5.7 |
| Southeast Fairbanks | 10.6 | 9.4 | 9.7 |
| Yukon-Koyukuk | 11.8 | 10.0 | 12.2 |
| Northern Region | 9.2 | 9.1 | 7.7 |
| Nome | 8.9 | 8.6 | 8.6 |
| North Slope Borough | 7.6 | 7.7 | 5.1 |
| Northwest Arctic Borough | 12.2 | 12.2 | 10.7 |
| Southeast Region | 5.6 | 5.3 | 5.9 |
| Haines Borough | 11.4 | 8.8 | 8.4 |
| Juneau Borough | 4.4 | 4.7 | 5.3 |
| Ketchikan Gateway Borough | 6.4 | 5.8 | 6.7 |
| Prince of Wales-Outer Ketchikan | 8.4 | 7.3 | 7.4 |
| Sitka Borough | 3.9 | 4.5 | 4.4 |
| Skagway-Hoonah-Angoon | 5.6 | 4.3 | 5.9 |
| Wrangell-Petersburg | 6.9 | 6.0 | 7.2 |
| Yakutat Borough | 5.8 | 4.2 | 8.5 |
| Southwest Region | 7.9 | 7.3 | 7.2 |
| Aleutians East Borough | 4.5 | 4.3 | 3.3 |
| Aleutians West | 6.2 | 4.4 | 4.8 |
| Bethel | 7.8 | 8.2 | 8.1 |
| Bristol Bay Borough | 9.9 | 7.4 | 9.1 |
| Dillingham | 7.9 | 7.0 | 5.7 |
| Lake & Peninsula Borough | 4.1 | 3.8 | 6.3 |
| Wade Hampton | 13.3 | 12.0 | 11.3 |
| Seasonally Adjusted | | | |
| United States | 4.1 | 4.1 | 4.4 |
| Alaska Statewide | 5.9 | 5.7 | 5.2 |

March 1998 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

(continued from page 19)

Several factors have been critical in the return of employment growth to Alaska's economy. Probably the most critical has been the cessation of employment declines in Alaska's oil and gas sector. From the last quarter of 1998 through the middle of 1999, oil and gas job losses drove overall employment downward, but for the last several months, the oil and gas industry appears to have hit a plateau. The second critical factor has been a resumption of employment gains in Alaska's services sector. (See Exhibit 3.) Since January, employment gains in the services sector have offset job losses that have occurred in oil and gas. This allowed the performance in other sectors of Alaska's economy, particularly the trade, and transportation, communications and utilities sectors, to carry the overall employment numbers to growth.

This analysis is not meant to discount job losses that have occurred in Alaska's oil and gas industry. Oil and gas jobs are among the highest paying employment opportunities in Alaska's private sector. Offsetting job losses in the oil and gas industry with service industry job growth does not remove the sting from oil patch contraction, but it does relieve a portion of the negative effects that contraction is having on the economy.

Employer Resources

The Alaska Job Center Network (AJCN) web site links employers with services listed in the Employer Connection drop-down box and through the Employer Connection page. Point your browser to www.jobs.state.ak.us and click the Employer Connection drop-down box for a list of basic services. Or click the Employer Connection go button for more links.



The *Alaska Employment Security Tax Handbook* has been updated and reissued for 2000. It is now available on the Internet. Printed copies are expected to be available about March 1.

